

TRUSTEE COUNCIL RESOLUTION 04-4  
ADOPTED OCTOBER 20, 2004

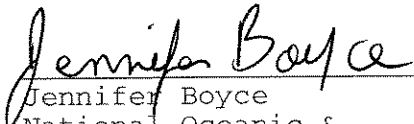
**MONTROSE TRUSTEE COUNCIL RESOLUTION REGARDING  
Funding for the Montrose Settlements Restoration Program:  
Review and Reconciliation of Restoration Funds Accounts**

1. The National Oceanic and Atmospheric Administration; the State of California acting through the State Lands Commission, the Department of Parks & Recreation and the Department of Fish & Game; and the Department of the Interior, acting through the U.S. Fish & Wildlife Service and the U.S. Park Service are the natural resource trustees (Trustees) for natural resources injured by releases of DDT and PCBs into the Southern California Bight.
2. Sums recovered in the civil action *United States, et al. v. Montrose Chemical Corp., et al.*, No. CV 90-3122-R (C.D. Cal. 1990) are being held in the Department of the Interior Natural Resource Damage Assessment and Restoration Fund (DOI Restoration Fund) and the registry account administered by the U.S. District Court for the Central District of California.
3. The Trustees have entered into a memorandum of agreement (MOA), as modified, that establishes a Trustee Council (Montrose Trustee Council) composed of one voting member for each trustee agency. Under the terms of that MOA, the Montrose Trustee Council is authorized to disburse funds for activities related to the damage assessment and restoration process.
4. NOAA, acting in its capacity as Federal Lead Administrative Trustee has proposed that the Trustees obtain the services of a professional accounting firm, Cotton and Company, to review the calendar year 2003 cost documentation packages of all six Trustee agencies and certify the amounts supported by their review. NOAA has already submitted its own 2003 cost documentation to Cotton and Company for review and certification, and the charges for Cotton's review of NOAA's packages are routinely incorporated into NOAA's indirect costs; thus the scope and expenditure authorized by this resolution is limited to the review and certification of the remaining five Trustee agencies' cost documentation.
5. The Montrose Trustee Council resolves unanimously to authorize reimbursement of up to \$6,500 to NOAA from the DOI Restoration Fund to pay for the services from Cotton and Company described in Paragraph 4 above. This amount corresponds to the estimated cost provided in Cotton and Company's proposal, plus a small contingency (see Attachment 1).
6. After completion of the work described in Paragraph 4 above, NOAA will provide the Montrose Trustee Council with the results and

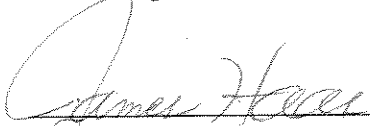
certification letters for each cost package reviewed by Cotton and Company. Cost documentation that summarizes costs incurred on this effort will be included as a part of NOAA's overall 2004 cost documentation package to be submitted in 2005, as required under the Trustees' cost reimbursement procedures.

7. The Montrose Trustee Council reserves the right to reopen, revise, and/or revoke its approval of this Resolution should any material change be made to the sampling plan, or if the Trustees determine that the work performed pursuant to the plan is deficient.
8. The effective date of the Resolution shall be the date on which the last trustee signs this document.

**CONCURRED in by the following who are the duly authorized Montrose Trustee Council Representatives:**

  
Jennifer Boyce  
National Oceanic &  
Atmospheric Administration

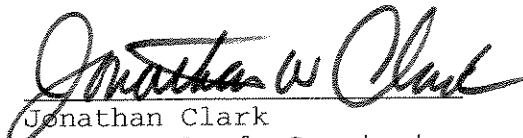
20 Oct 04  
Date

  
James Haas  
U.S. Fish & Wildlife Service

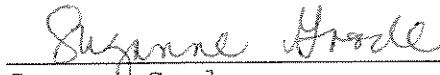
20 Oct 04  
Date

  
Kate Faulkner  
National Park Service

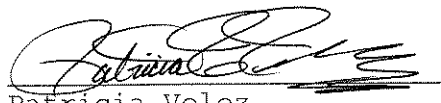
20 Oct 04  
Date

  
Jonathan Clark  
CA State Lands Commission

OCT. 20, 2004  
Date

  
Suzanne Goode  
CA Department of Parks &  
Recreation

10-20-04  
Date

  
Patricia Velez  
CA Department of Fish & Game

10-20-04  
Date

DRAFT July 21, 2004

MEMORANDUM

SUBJECT: Request for Cotton and Company Review of 2003 Cost Documentation for the Montrose Settlements Restoration Program

FROM: Greg Baker  
Program Manager, MSRP

TO: Brian Julius

Cc: Chris Doley  
Rob Ricker  
Bill Conner  
Katherine Pease

The Montrose Trustee Council has requested that we seek the assistance of Cotton and Company to perform a review and certification of the CY 2003 cost documentation packages to be submitted by the six federal and state agencies that comprise the Council.

The six agencies are:

- NOAA
- USFWS
- National Parks Service
- California Department of Fish and Game
- California Department of Parks and Recreation
- California State Lands Commission

Each of these agencies received funding from the DOI NRDAR account for the case at the outset of 2003 to pay for their involvement in the Montrose Settlement Restoration Program (MSRP), and all have agreed to supply complete documentation of their expenditures on the case for the 2003 calendar year by September 30, 2004.

To aid in providing a sense of the scale of the budget and cost packages, I've attached an Excel file summarizing the 2003 MSRP budget for the six Trustee agencies and divided into six budget categories:

1. Trustee Council Participation
2. MSRP Office Operations
3. Restoration Planning
4. Bald Eagle Studies
5. Fish Studies
6. Outreach

A complete evaluation of these cost documentation packages entails several areas of review:

1. Accuracy and completeness of the financial reporting
2. Sufficiency of the documentation supplied to support the charges
3. Appropriateness of the charges in light of the work authorized by the entire Trustee Council

The review by Cotton and Company should be limited to the first two of these three areas of review. The MSRP Trustee Council has a cost documentation subcommittee that will receive the recommendations resulting from Cotton's review and perform the final review focusing on the third area above.

Should there be a need for additional specific information, please contact me at (650) 329-5048.

Attachment

**PROPOSED SCOPE OF WORK AND ESTIMATE FOR  
REVIEW AND CERTIFICATION OF CO-TRUSTEES' CY 2003  
COST DOCUMENTATION FOR THE  
MONTROSE SETTLEMENT RESTORATION PROGRAM**

As requested by National Oceanic and Atmospheric Administration (NOAA), Cotton & Company LLP is providing its scope of work and estimate for reviewing cost documentation packages for the Montrose case. NOAA was appointed co-trustee for the use of restoration funds to restore this site, along with the U.S. Fish and Wildlife Service, National Parks Service, and three State of California agencies: Department of Fish and Game, Department of Parks and Recreation, and State Lands Commission. We refer to the co-trustees as the "Council."

Our estimate for this task will cover the Council's cost packages for Calendar Year (CY) 2003, excluding NOAA. Cost documentation packages for NOAA are accounted for under a separate task. The procedures for review and certification will be similar in scope to those performed on NOAA's cost packages since October 2002. For purposes of this proposal, we provide a high-level summary of those procedures below.

- Verify that the cost package is complete by checking for documentation, such as summary sheets, identified costs incurred, timesheets, travel vouchers, and supporting documentation for other costs, such as transportation of things, printing and reproduction, contractual services, supplies and materials, and equipment.
- Ensure that the package has been reviewed by management before submission for certification.
- Verify all mathematical calculations.
- Ensure that all non-case-related information is redacted.
- Tie direct labor hours to properly signed and approved timesheets for the specific case under review.
- Verify hourly rates by comparing them to labor cost detail from the accounting/payroll system or to grade/step schedules.
- Verify the application of indirect cost rates, as applicable.
- Tie direct travel costs to properly signed and approved travel vouchers.
- Ensure that travel vouchers are supported by receipts, if required.
- Tie other direct costs to supporting documentation, ensuring that the costs are related to the specific case under review.

- Document all comments and discrepancies for review by management.
- Resolve comments, review all corrections, and submit to Cotton & Company's partner for certification.
- Issue the certification letter for the amount supported by our review.

Attached in a separate file for your review are the detailed procedures that we apply in our work for NOAA. We will modify them as necessary to accommodate the state and other federal agencies.

Cotton & Company is reviewing NOAA's CY 2003 costs for Montrose, which we understand would be comparable to the other two federal agency packages. In that package, costs are incurred in almost every cost category including labor, travel, contracts, equipment, and supplies. We have reviewed the sample cost package from the California Department of Fish and Game as a representative package for the state agencies. This package appears to be straightforward with mainly labor and travel costs.

Based on our knowledge of these packages, we estimate our hours and costs for the Montrose review as follows:

#### **Estimated Hours**

<b>Cost Packages</b>	<b>Partner Hours</b>	<b>Staff Hours</b>	<b>Total Hours</b>
Federal Agencies (2)	4	100	104
State Agencies (3)	<u>2</u>	<u>15</u>	<u>17</u>
Total	<u>6</u>	<u>115</u>	<u>121</u>

#### **Estimated Costs**

<b>Labor Category</b>	<b>Rate</b>	<b>Hours</b>	<b>Total</b>
Partner	\$128.99	6	\$773.94
Staff	\$44.33	<u>115</u>	<u>5,097.95</u>
Total Labor		<u>121*</u>	<u>\$5,871.89</u>

\* Although we are proposing 3 weeks to complete the review, the timeline from receipt of cost packages to delivery of the certification letter could be approximately 4 to 5 weeks depending on the amount of comments we have. We anticipate having comments, specifically on the larger federal cost packages, regarding adequate documentation, application of indirect rates, and consistency in cost package format and content; all of which are typical on the larger NOAA packages we have reviewed.

To facilitate the review, we recommend that the following be included in the support for the cost packages:

- **Support for employee hourly rates.** We typically compare hourly rates/salary to those in the agency's accounting or payroll system (i.e., some type of labor cost detail report). If such information is not available, please provide grade, step, and locality for employees, and we will use appropriate pay scales to verify hourly rates.
- **Support for indirect cost rates.** Please provide appropriate schedules and descriptions for any indirect cost rates or internal administrative rates that should be applied to costs in the cost package. It would be helpful to note if such rates have already been applied.
- **Support for special circumstances.** Please make note of any special circumstances, such as a particular employee's pay and hours, application of indirect rates, use of case numbers, lack of documentation, etc. This will greatly expedite the review process and reduce the number of comments we document.

**WORKPLAN FOR VALIDATING DARP  
COST DOCUMENTATION PACKAGES  
ENGAGEMENT NO.**

<b>Case Name</b>	_____
<b>Task Number(s)</b>	_____
<b>Time Period</b>	_____
<b>Task Number(s)</b>	_____
<b>Time Period</b>	_____
<b>Contact Person</b>	_____

Use the following standard tick marks to complete the assigned work plan tasks:

- ✓ Foots down (below number/amount) or across (right side of number/amount) (i.e., adds correctly to total)
- E Verified calculation
- T Tied to supporting documentation

For exceptions, put a slash through the tick mark; when the exception is cleared, put a circle around the slashed tick mark.

**Initial**

**A. PACKAGE COMPLETION**

1. Verify that the package is complete by checking for the following:

- A final summary lead schedule with costs incurred for each FMC. \_\_\_\_\_
- Individual lead schedules for each FMC. \_\_\_\_\_
- Labor summary spreadsheet from Paradox. \_\_\_\_\_
- Show-rates report from Paradox for labor costs (DAC). \_\_\_\_\_
- Timesheets to support labor hours. \_\_\_\_\_
- Travel vouchers to support travel expenses. \_\_\_\_\_
- CAMS document showing FedEx shipping charges for transportation of things. \_\_\_\_\_
- Paradox document detailing charges for rent, communication, and utilities. \_\_\_\_\_
- Support for printing and reproduction. \_\_\_\_\_
- Support for contractual service and grant charges. \_\_\_\_\_
- Support for supplies and materials. \_\_\_\_\_
- Support for equipment charges. \_\_\_\_\_
- Paradox spreadsheet for interest and dividend charges. \_\_\_\_\_

2. Obtain cost documentation routing slip from DAC or RC. \_\_\_\_\_

3. Verify that the package has been reviewed by the DAC/RC case team. \_\_\_\_\_

4. Obtain any memos or correspondence specific to the case costs. \_\_\_\_\_

**B. LEAD SCHEDULE**

Verify mathematical accuracy:

- Foot the final summary lead schedule and tie the total for each FMC to individual lead schedules. \_\_\_\_\_
- Foot the individual lead schedules and tie amounts under each cost type to support. \_\_\_\_\_

**C. DIRECT LABOR FOR DAC PACKAGES ONLY: LABOR SUMMARY SPREADSHEET**

1. Ensure that the package has a Labor Summary spreadsheet from Paradox with the following fields:
  - Case name(s) and number(s) for the package. \_\_\_\_\_
  - Time period for the package. Verify that time periods on the Paradox sheet and lead schedule agree. \_\_\_\_\_
  - Employee name, title, pay period, pay period dates, grade, total hours, and labor. \_\_\_\_\_
2. Foot the labor amounts on the Labor Summary spreadsheet from Paradox (by object class) and tie total labor costs to the individual lead schedule for each FMC. \_\_\_\_\_
3. Foot the total labor amount on the Labor Summary spreadsheet and tie to the amount on the show-rates report by object class. \_\_\_\_\_
4. Tie the employee name, pay period number, pay period dates, and hours to timesheets for each employee. \_\_\_\_\_
5. Ensure that the following items have been redacted from the timesheet:
  - Employee SSN. \_\_\_\_\_
  - Case names and hours not pertaining to the case under review. \_\_\_\_\_
  - "Total T/C" and "Total Time." \_\_\_\_\_
  - Hours shown in section "OTHER TIME" (such as LWOP, AWOL, part-time). \_\_\_\_\_
  - Amounts other than zero under headings "Fwd," "Accr," "Used," and "Bal." \_\_\_\_\_
  - "Clock Hours Absent," premium pay, or credit hours. \_\_\_\_\_
6. Ensure that each timesheet contains:
  - Supervisor signature. \_\_\_\_\_
  - Employee initials or signature. \_\_\_\_\_
  - Timekeeper signature. \_\_\_\_\_
  - Date. \_\_\_\_\_
7. Note exceptions for any step in this section. \_\_\_\_\_

**D. DIRECT LABOR FOR DAC PACKAGES ONLY: SHOW-RATES REPORT**

1. Ensure that the report contains the following fields:
  - Case name(s) and number(s) for the package. \_\_\_\_\_
  - Time period for the package. \_\_\_\_\_
  - Employee name, title, pay period, pay period dates, grade, total hours, actual dollars (with no overhead rates applied), total hours, and labor (which includes overhead). \_\_\_\_\_
  - Rate change number used. \_\_\_\_\_
  - Overhead rates applied. \_\_\_\_\_
  - Indirect Rates applied. \_\_\_\_\_
2. Verify that the case name and number on the Show-Rates Report match the case file. \_\_\_\_\_
3. Foot the actual dollars and labor fields by object class. \_\_\_\_\_
4. If the labor amount is manual (not generated by Paradox), verify amounts paid:
  - Determine the hourly rate for each employee for each pay period by dividing total actual dollars per pay period by hours. \_\_\_\_\_
  - Obtain the Labor Cost Detail Report. (This report is created each pay period and contains information such as employee hours, salary for the period, and monthly salary). Use this report to verify calculated labor rates by dividing salary by total hours worked. \_\_\_\_\_

Initial

5. Obtain the **FMC Rate Date Schedule**, which shows the corresponding pay period(s) for each rate change. Obtain the **FMC Rate Schedule**, which shows all rate changes for the fiscal year. \_\_\_\_\_
6. Verify that the rate change number and pay periods on the Show-Rates Report are correct according to the rate change number and pay periods on the FMC Rate Date Schedule. \_\_\_\_\_
7. Verify that the NOAA overhead and indirect cost rates applied to labor for a particular FMC are correct according to rates shown on the FMC Rate Schedule. \_\_\_\_\_
8. Verify the math on the Show-Rates Report. \_\_\_\_\_
9. Note exceptions for any step in this section. \_\_\_\_\_

**E. DIRECT LABOR FOR RC PACKAGES ONLY: LABOR SUMMARY SPREADSHEET**

1. Ensure that the package has a Labor Summary spreadsheet from Paradox with the following fields:
  - Case name(s) and number(s) for the package. \_\_\_\_\_
  - Time period for the package. Verify that time periods on the Paradox sheet and lead schedule agree. \_\_\_\_\_
  - Employee name, title, pay period, pay period dates, grade, total hours, and labor. \_\_\_\_\_
  - Rate change number used. \_\_\_\_\_
  - Overhead rates applied. \_\_\_\_\_
  - Indirect Rate applied. \_\_\_\_\_
2. Foot the labor amounts on the Labor Summary spreadsheet from Paradox (by object class) and tie total labor costs to the individual lead schedule for each FMC. \_\_\_\_\_
3. Tie employee name, pay period number, pay period dates, and hours to timesheets for each employee. \_\_\_\_\_
4. Ensure that the following items have been redacted from the timesheet:
  - Employee SSN. \_\_\_\_\_
  - Case names and hours not pertaining to the case under review. \_\_\_\_\_
  - Hours shown in section "OTHER TIME" (such as LWOP, AWOL, part-time). \_\_\_\_\_
  - Amounts other than zero under headings "Fwd," "Accr," "Used," and "Bal." \_\_\_\_\_
  - "Clock Hours Absent," premium pay, or credit hours. \_\_\_\_\_
5. Ensure that each timesheet contains:
  - Supervisor signature. \_\_\_\_\_
  - Employee initials or signature. \_\_\_\_\_
  - Timekeeper signature. \_\_\_\_\_
  - Date. \_\_\_\_\_
6. If the labor amount is manual (not generated by Paradox), verify amounts paid:
  - Determine the hourly rate for each employee for each pay period by dividing total actual dollars per pay period by hours. \_\_\_\_\_
  - Obtain the Labor Cost Detail Report. (This report is created each pay period and contains information such as employee hours, salary for the period, and monthly salary). Use this report to verify calculated labor rates by dividing salary by total hours worked. \_\_\_\_\_
7. Obtain the **FMC Rate Date Schedule**, which shows the corresponding pay period(s) for each rate change. Obtain the **FMC Rate Schedule**, which shows all rate changes for the fiscal year. \_\_\_\_\_

Initial

8. Verify that the rate change number and pay periods on the Labor Summary spreadsheet are correct according to the rate change number and pay periods on the FMC Rate Date Schedule.
9. Verify that the NOAA overhead and indirect cost rates applied to labor for a particular FMC are correct according to rates shown on the FMC Rate Schedule.
10. Verify the math on the show-rates report.
11. Note exceptions for any step in this section.

#### **F. DIRECT TRAVEL**

1. Obtain an SF 1164 for local travel; obtain the Travel Authorization and Voucher forms for non-local travel.
2. Verify math on the voucher.
3. Verify that the case number on the voucher is correct.
4. Verify that other case numbers were redacted.
5. Verify that the voucher was properly approved.
6. Verify that the trip purpose is relevant to the case.
7. Verify that the traveler signed the voucher.
8. Tie supporting receipts to amounts claimed on the voucher. (Receipts are not required for expenditures under \$75). Verify that any account numbers have been redacted from receipts, statements, utility bills or other documentation.
9. Note exceptions for any step in this section.

#### **G. TRANSPORTATION OF THINGS**

1. For FedEx packages, obtain the CAMS-generated Statement of Charges (or copy of the Air Bill for older packages).
2. Tie amounts charged to the lead schedule.
3. Verify that the case number on the report is correct.
4. Note exceptions for any step in this section.

#### **H. RENT, COMMUNICATION, AND UTILITIES**

1. Obtain support (credit card bills, SF 1164, telephone bills).
2. Foot and tie the amount requested to the lead schedule.
3. Ensure that the expense was properly approved and signed by the employee requesting reimbursement.
4. Review the purpose for the expenditure and ensure that it is relevant to the case.
5. Verify the amount claimed to each supporting receipt provided.
6. Verify that the task number on the cost documentation package is included in the supporting receipt documentation. Verify that any account numbers have been redacted from receipts, statements, utility bills or other documentation.
7. Note exceptions for any step in this section.

#### **I. PRINTING AND REPRODUCTION**

1. Obtain Paradox spreadsheet for "Other Miscellaneous Vouchers and Claims" (Trans Sheet).
2. Obtain the Reimbursable Billing Statement for Finance report, which lists amounts paid by task number.

**Initial**

3. Compare amounts reported on the Paradox spreadsheet with the Reimbursable Billing Statement for Finance report and ensure that the task numbers agree. \_\_\_\_\_
4. Foot and tie amounts on the Paradox spreadsheet to the lead schedule. \_\_\_\_\_
5. Ensure that other case numbers are redacted from the Reimbursable Billing report. \_\_\_\_\_
6. Note exceptions for any step in this section. \_\_\_\_\_

**J. CONTRACTS**

1. Tie the following items on invoices and requisitions for payment to the lead schedule:
  - Contractor name. \_\_\_\_\_
  - Contract or document number. \_\_\_\_\_
  - Invoice number. \_\_\_\_\_
  - Invoice date. \_\_\_\_\_
  - Amount paid. \_\_\_\_\_
2. Foot amount paid on each invoice and tie the total to the lead schedule. \_\_\_\_\_
3. Verify that a properly approved requisition for payment is attached to the invoice. \_\_\_\_\_
4. Verify that the following items on the requisition and invoice match:
  - Contractor name. \_\_\_\_\_
  - Case number. \_\_\_\_\_
  - Amount. \_\_\_\_\_
5. Verify that the statement of work or progress report relates to the case being reviewed. \_\_\_\_\_
6. Ensure that the following items have been redacted from all documents:
  - Other case names covered under the same contract. \_\_\_\_\_
  - Other case numbers. \_\_\_\_\_
7. Note exceptions for any step in this section. \_\_\_\_\_

**K. SUPPLIES AND MATERIALS**

1. Obtain the Paradox spreadsheet (Trans Sheet) for supplies and materials. \_\_\_\_\_
2. Foot amounts on the Paradox spreadsheet and tie the amount to the lead schedule. \_\_\_\_\_
3. Verify that a receipt with case number (or signed credit card statement with cardholders' log) is attached for each amount claimed. \_\_\_\_\_
4. Verify that the amount claimed matches supporting documentation. \_\_\_\_\_
5. Verify proper approval on the receipt documentation provided. \_\_\_\_\_
6. Verify that the task number for the cost documentation package is identified on the receipt documentation. \_\_\_\_\_
7. Note exceptions for any step in this section. \_\_\_\_\_

**L. INTEREST AND DIVIDENDS**

1. Obtain the Paradox spreadsheet for interest and dividends. \_\_\_\_\_
2. Compare document numbers for which interest was paid against payments previously reviewed. \_\_\_\_\_
3. Ensure that payments for which interest was charged were actually paid late. \_\_\_\_\_
4. Ensure that case numbers on the Paradox spreadsheet and invoice/document match. \_\_\_\_\_
5. Note exceptions for any step in this section. \_\_\_\_\_

Initial

**M. CERTIFICATION OF PACKAGE**

1. Complete the routing slip for the package and retain a copy for the workpapers. \_\_\_\_\_
2. After review is complete and all exceptions cleared, provide the engagement partner with the cost documentation package, routing slip, and spreadsheet of exceptions and resolutions, if any. \_\_\_\_\_
3. Partner conducts quality assurance review and issues Certification Letter. \_\_\_\_\_
4. Provide the original Certification Letter to NOAA and retain a copy for the workpapers. \_\_\_\_\_
5. Obtain a copy of the memo sent to case attorneys by DAC/RC personnel after package certification. \_\_\_\_\_